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No Holdings

WORN BY MORE FASHION MINDED MEN AND WOMEN
THAN ANY OTHER CLOTHES IN AMERICA

annual report

YEAR ENDED JULY 31, 1958

BOND STORES, INCORPORATED

STATE STREET, CHICAGO—Impressive six-story wholly-owned subsidiary property, anchor store for Bond's mid-west operations.

LOS ANGELES—Key store of twelve in the Los Angeles area, Bond's Broadway unit was rebuilt and modernized in 1949.

BOND'S FIFTH AVENUE, New York—At the corner of 35th Street, this is a complete apparel center for the entire family on the most famous fashion street of all. Six selling floors and company Executive and Buying Offices are housed in this eleven story building.

TIMES SQUARE SHOWPLACE, New York—This complete family apparel store at the crossroads of the nation is located in our wholly-owned subsidiary property at 45th Street, known throughout the world. Roof sign, formerly used by Bond, has been leased at a satisfactory rental.

CLEVELAND—Advanced styling of this downtown store, opened in 1947 at Cleveland's busiest intersection, makes it outstanding in its surrounding business area. Bond has served the people of Cleveland since 1915. There are now four Bond stores in this area.

Bond Stores are located in major cities coast to coast!

OFFICERS

BARNEY RUBEN	*Chairman of the Board and President*
IRVING COHEN	*Vice-President*
JAMES W. CONNORS*	*Vice-President*
SYLVAN N. KING	*Vice-President*
IRVING MOSELOWITZ	*Vice-President*
LOUIS A. GOOD	*Vice-President*
MAURIE SANGER	*Vice-President*
LOUIS B. BERMAN	*Vice-President*
WILLIAM B. LOFTUS	*Vice-President*
ELLIS H. SCHECHTMAN	*Secretary and Treasurer*
BERNARD GROSSMAN	*Assistant Secretary*

BOARD OF DIRECTORS

BARNEY RUBEN
IRVING COHEN
JAMES W. CONNORS*
SYLVAN N. KING
IRVING MOSELOWITZ
ELLIS H. SCHECHTMAN
JOSEPH KLINGENSTEIN
FRED F. FLORENCE
CHARLES F. PHILLIPS
WM. J. HAMMERSLOUGH

*Deceased Aug. 15, 1958

TRANSFER AGENT
CHASE MANHATTAN BANK
40 Wall Street • New York 15, N. Y.

REGISTRAR
BANKERS TRUST COMPANY
16 Wall Street • New York 15, N. Y.

BOND STORES, INCORPORATED

FIFTH AVENUE AT 35TH STREET

NEW YORK 1, N. Y.

October 27, 1958

Dear Stockholder:

Included in this report to you is a summary of the consolidated results of operations of your Company and its subsidiaries for the fiscal year ended July 31, 1958 as such results are reflected in the Balance Sheet and Statement of Income and Earned Surplus reported upon by the company's auditors. In connection therewith and supplementary thereto, I take this opportunity to offer the following observation and comment.

Sales of $83,768,884.72 were $5,846,962.63 less than the all time record high sales of $89,615,847.35 in the previous fiscal year. With many of our stores located in affected areas, it is our opinion that such decline, equal to 6.5%, was closely coupled to the payroll reduction resulting from the production curtailment in heavy industry manufacture during the latter part of 1957, as well as to unseasonable Fall and Winter weather.

Consolidated net income from operations of the Company and its wholly-owned subsidiaries after provision for Federal Income Taxes and Company's and subsidiaries contributions to the Bond Stores Incorporated, Employees' Profit Sharing and Retirement Fund, amounted to $2,939,598.37, equal to $1.74 per share. Consolidated net income from operations in the prior fiscal year amounted to $3,522,494.50, or $2.09 per share. Excluded from consideration in this comparison of operation results is the nonrecurring special item of substantial net gain reported upon last year. The decline in earnings which, of course, is most disappointing, was caused in the first instance by the decline in volume mentioned above. Other influencing factors were the constantly increasing operating costs we experienced in common with other department and specialty stores which were impossible to reduce in direct ratio to the reduced volume, and the lesser markup resulting from our temporary policy of promotions, not only for the purpose of meeting and beating competition but also of reducing our inventories as well, about which you will find a comment further on in this letter.

On a continuing basis in both instances, our efforts to transact greater volume and our efforts to effect economies in our operations wherever possible by the exercise of careful administrative control, are of almost equal importance.

After distribution during the year of cash dividends amounting to $2,110,478.76 to the shareholders of the 1,688,383 shares of Common Stock outstanding, which was paid at the rate of 31¼¢ quarterly, or $1.25 per share per annum, the retained balance of net earnings was added to surplus. As of July 31, 1958, capital stock and earned surplus amounted to $53,470,688.22, equal to a book value of $31.67 per share of Common Stock as compared with $52,641,568.61, or $31.18 book value per share as of the previous fiscal year end. Your Company's current working capital was $41,920,032.48 whereas at the previous fiscal year end it amounted to $40,284,165.85. The ratio of current assets to current liabilities was 9.2 to 1 compared with 7.7 to 1 at the prior year end.

Stores in operation as of July 31, 1958 totaled 98 compared with 95 as of the previous fiscal year end. The net increase of three stores resulted from the opening during the year of four new stores (two last Fall and two this past Spring) each located in a large regional shopping center suburban to Cleveland, Ohio; St. Louis, Missouri; Los Angeles and Oakland, California respectively. It is to be noted that prior to such openings the Company operated and presently continues to operate, one or more stores in each of these cities. Upon lease expiration in January 1958 one downtown store — Muskegon, Michigan, was closed because we did not consider it any longer to be a desirable outlet.

As of July 31, 1958 there were 34 agency stores in operation. This is six less than were in operation at the end of the previous fiscal year. Terminations were on the basis of generally unsatisfactory operations.

Net capital expenditures during the year in connection with the opening of the new stores as well as for improvements to existing stores where lease renewals or remainder of lease terms made it feasible and advisable for us to make such expenditures, amounted to $355,077.49. It is to be noted that such expenditures, in the main, were made for trade fixtures and equipment.

Within the present fiscal year, specifically, on October 2, 1958 we opened a store in the Poplar Highlands Plaza Shopping Center, Memphis, Tennessee, and on October 16, 1958 in the Blue Ridge Shopping Center, Kansas City, Missouri. In each instance, the response by the public was extremely gratifying. Please note that the Company operates downtown stores in each of these cities. Presently under construction and expected to be ready for opening some time during the calendar year 1959 are two stores located in large regional shopping centers—one in Dallas, Texas, and the other in Menlo Park, New Jersey.

It is intended that the Company will continue with a steady but modest program of expansion. We are presently giving very serious consideration to, and in fact are negotiating conditions and lease terms for ten more stores, all to be located in regional

shopping centers in various parts of the country, suburban to cities where we operate one or more stores. Should we be successful in concluding these leases on satisfactory terms it is expected that the openings, in the majority of cases, will take place in the latter part of 1959 or early in 1960. Despite the preponderance of interest in shopping center stores, we are continuing to give consideration to expanding and improving our operations in so-called downtown stores where we are satisfied, after careful survey, that ample facilities and accessibility are available for customer convenience.

I am pleased to refer to your attention in the Consolidated Balance Sheet as of July 31, 1958, the item of merchandise inventories at $21,129,740.39 which is $4,881,971.80 less than as of the previous fiscal year end. This healthy current inventory condition, the result of careful planning and constant attention by your management, places us in a position to take full advantage of current trends in styling and fashion, new fabric interests, possible lower raw material and finished products prices, a more stabilized production program, and affords us a splendid opportunity to effect and enjoy a better ratio of stock turnover to sales than would be possible with a larger inventory, all of which, in turn, gives added support to the maintenance and continuance of our policy and of our ability to offer outstanding quality and value at most competitive prices.

It is with deep regret that we record the sudden passing during the year of James W. Connors, whose association with our Company spanned a period of 35 years. During much of this time he was a Vice President of the Company and for approximately the last 20 years, a director. His conscientious and valued service will be greatly missed.

The declining economic trend which became apparent during the latter part of 1957 seems to have improved somewhat, although such improvement has not yet become a reality in soft goods lines. Sales performance for the current year can be effected by existing domestic economic conditions as well as by world conditions and are therefore difficult to assess. Despite this difficulty of evaluating the immediate future sales prospects, we sincerely believe that our continuing offering of outstanding merchandise values coupled with aggressive planning to attract and increase consumer interest in our product, strongly supported by the cooperation and competitive drive of all our employees throughout the United States, in our factories, stores, and executive offices, gives us reason for optimistic anticipation and should result in a creditable performance during the current fiscal year. Should there develop an increased demand for wearing apparel I believe that your Company is in a most advantageous position pricewise as well as qualitywise to satisfy mass demand.

May I, in closing, express my sincere thanks and appreciation to every member of our organization for their efforts during the past year and in anticipation of their continued cooperation; to each and every stockholder for his interest and confidence; and to the hundreds of suppliers whose cooperation has helped us to attain our present outstanding position in the apparel field.

Respectfully submitted,

Barney Ruben

President

Comparative Highlights for the fiscal year ended July 31

	1958	**1957**
Net Sales	$83,768,884.72	$89,615,847.35
Income Before Taxes	5,989,598.37	7,227,494.50
Income After Taxes	2,939,598.37	3,522,494.50
Earnings Per Share	1.74	2.09
Special Item Net Gain	—	2,096,629.52
Earnings Per Share on Special Item	—	1.24
Dividends Paid Per Share	1.25	1.12½
Working Capital	41,920,032.48	40,284,165.85
Current Ratio	9.2 to 1	7.7 to 1
Capital Stock & Surplus	53,470,688.22	52,641,568.61
Book Value Per Share	31.67	31.18
*Number of Stores	98 stores	95 stores

**Does not include agencies*

BOND STORES, INCORPORATED A

CONSOLIDATED BALANCE S

ASSETS

Current Assets:			
Cash (including time certificates of deposit of $3,500,000.00)			$12,284,426.46
Accounts receivable—customers		$13,717,005.70	
Less: Reserve for doubtful accounts		338,535.80	13,378,469.90
Miscellaneous accounts receivable			235,135.86
Merchandise inventories—Note A:			
Woolens, trimmings, etc.		2,388,596.09	
Work in process		981,665.03	
Finished goods		17,759,479.27	21,129,740.39
Total Current Assets			47,027,772.61
Miscellaneous Other Assets			410,690.07
Fixed Assets—at cost—Note B:			
Land and buildings	$9,505,861.96		
Less: Reserves for depreciation	1,786,784.09	7,719,077.87	
Machinery, furniture, fixtures and equipment	7,468,530.64		
Less: Reserves for depreciation	4,124,744.89	3,343,785.75	
Alterations, improvements and leaseholds	6,489,110.32		
Less: Reserves for amortization	3,468,313.30	3,020,797.02	14,083,660.64
Deferred Charges:			
Prepaid rent and advances to landlords on improvements to leased properties		941,248.39	
Unexpired insurance and other prepaid expenses		873,612.50	1,814,860.89
			$63,336,984.21

The accompanying Notes to Fin
part of this statement and should

ND WHOLLY-OWNED SUBSIDIARIES
HEET AS AT JULY 31, 1958

LIABILITIES

	Shares			
Current Liabilities:				
Accounts payable				$1,338,152.22
Deposits, due to customers, etc.				562,156.95
Accrued expenses and taxes other than Federal income taxes—Note C				2,646,570.72
Reserve for Federal income taxes—Note C			$2,562,125.94	
Less: United States Treasury Certificates of Indebtedness—at cost which approximates market, plus accrued interest			2,239,581.77	322,544.17
Mortgages and mortgage bonds payable—current installments—Note B				238,316.07
Total Current Liabilities				5,107,740.13
Mortgages and Mortgage Bonds Payable by Subsidiaries—Note B			4,996,871.93	
Less: Current installments shown above			238,316.07	4,758,555.86
Capital Stock and Surplus:				
Preferred Stock—par value $100.00 per share:				
Authorized to be issued in series as designated by the Board of Directors	100,000			
Retired and cancelled	60,000			
Authorized but not designated	40,000			
Common Stock—par value $1.00 per share:				
Authorized	2,500,000			
Issued and outstanding	1,688,383		1,688,383.00	
Capital Surplus (no change during the year)		$11,596,135.77		
Earned Surplus—Exhibit B		40,186,169.45	51,782,305.22	53,470,688.22
				$63,336,984.21

ancial Statements are an integral
be read in conjunction herewith.

BOND STORES, INCORPORATED

AND WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS

FOR THE YEAR ENDED JULY 31, 1958

Sales		$83,768,884.72
Cost of goods sold and stores and general and administrative expenses, exclusive of depreciation and amortization—Note D		77,006,149.18
		6,762,735.54
Add:		
Income from owned real estate before depreciation—Note E	$218,482.04	
Other income—net	312,354.97	530,837.01
		7,293,572.55
Deduct:		
Depreciation and amortization		1,303,974.18
Net income before Federal income taxes		5,989,598.37
Provision for Federal income taxes—Note C		3,050,000.00
Net income		2,939,598.37
Earned Surplus as at July 31, 1957		39,357,049.84
		42,296,648.21
Dividends on Common Stock		2,110,478.76
Earned Surplus as at July 31, 1958—Exhibit A		$40,186,169.45

The accompanying Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

BOND STORES, INCORPORATED

AND WHOLLY-OWNED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS AS AT JULY 31, 1958

NOTE A: Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method as to furnishings and accessories and invoice cost as to other merchandise, substantially on the "first-in first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.

NOTE B: Land in the amount of $5,549,393.34 and buildings in the amount of $3,956,468.62, totaling $9,505,861.96, consist principally of property located at 45th Street and Broadway, New York City, owned by Adda, Inc., a wholly-owned subsidiary; properties in Rochester, New York, including the factory owned by Bond Martin St. Corp., a wholly-owned subsidiary; property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary; a factory in New Brunswick, New Jersey; and a shirt factory located in Meridian, Mississippi, owned by Burnley Shirt Corporation, a wholly-owned subsidiary.

The property owned by Adda, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of $2,451,871.93, payable in quarterly installments to December 13, 1959. The property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of $2,545,000.00, payable in quarterly installments to December 17, 1967. At each of the said dates the unamortized balance of the respective mortgages becomes due and payable. The Corporation is not liable under any of such mortgages, being in each case a lessee of the property, or a substantial part thereof, under long term leases; such leases are assigned as collateral under the mortgages, respectively.

NOTE C: The Federal income and excess profits tax returns of the Corporation have been examined and settled to December 31, 1950; the three years ended December 31, 1953 have been examined and provision made for the adjustments agreed upon with the revenue agent as to which a final report has not yet been received.

The accompanying financial statements are subject to final determination of Federal, state and local taxes.

NOTE D: The Employees' Profit Sharing and Retirement Fund Trust Agreement provides, among other things, for (1) voluntary contributions by eligible employees, (2) contributions by the Corporation and its wholly-owned subsidiaries, out of net earnings for the year as defined in the agreement, of 20% of the participating employees' contributions, (3) additional contributions by the Corporation and its wholly-owned subsidiaries computed at various percentages of net earnings for the year as defined in the agreement after deducting therefrom $4,000,000.00 plus $1.00 per share for any additional shares which the Corporation may issue after December 31, 1952 excluding additional shares resulting from stock dividends or split-up of stock and (4) the right of the Corporation to discontinue contributions to the plan.

The contributions of the Corporation and its wholly-owned subsidiaries for the year ended July 31, 1958, amounted to $213,522.43.

NOTE E: This item includes intercompany rental on property partly occupied by the parent company.

GENERAL: As at July 31, 1958, the aggregate minimum annual rental upon real property leases, other than intercompany leases, expiring after July 31, 1961, amounts to approximately $2,535,000.00. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

ACCOUNTANTS' REPORT

To the Board of Directors,
BOND STORES, INCORPORATED, New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated and wholly-owned subsidiaries as at July 31, 1958, and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated and wholly-owned subsidiaries at July 31, 1958, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
October 3, 1958

S. D. LEIDESDORF & CO.

LOCATION OF BOND STORES AND AGENCIES

ALABAMA
BIRMINGHAM

CALIFORNIA
FRESNO
GLENDALE
HOLLYWOOD
HUNTINGTON PARK
LAKEWOOD CENTER
LOS ANGELES (5 stores)
NORTH HOLLYWOOD
OAKLAND (2 stores)
PANORAMA CITY
SAN FRANCISCO
SAN JOSE
WEST COVINA

CONNECTICUT
HARTFORD
NEW HAVEN
*NEW LONDON
*TORRINGTON

DELAWARE
*WILMINGTON

DISTRICT OF COLUMBIA
WASHINGTON

FLORIDA
*JACKSONVILLE
*TALLAHASSEE

GEORGIA
ATLANTA
SAVANNAH

ILLINOIS
ALTON
CHICAGO (8 stores)
HILLSIDE
KANKAKEE
SPRINGFIELD

IOWA
DES MOINES

KENTUCKY
LOUISVILLE

LOUISIANA
*MONROE

MAINE
*PORTLAND

MARYLAND
BALTIMORE (2 stores)

MASSACHUSETTS
BOSTON
FALL RIVER
*LAWRENCE
*PITTSFIELD
SPRINGFIELD

MICHIGAN
DETROIT (2 stores)

MINNESOTA
MINNEAPOLIS

MISSOURI
CLAYTON
KANSAS CITY (2 stores)
ST. LOUIS (2 stores)

MONTANA
*BILLINGS

NEBRASKA
*HASTINGS
OMAHA

NEW JERSEY
JERSEY CITY
NEWARK
NEW BRUNSWICK
*RED BANK
TRENTON
PARAMUS

NEW MEXICO
*ROSWELL

NEW YORK
ALBANY
BUFFALO
*ELMIRA
*GLENS FALLS
HICKSVILLE, L. I., N. Y.
NEW HYDE PARK, L. I., N. Y.
NEW YORK (7 stores)
*POUGHKEEPSIE
ROCHESTER (2 stores)
SCHENECTADY
SYRACUSE
VALLEY STREAM

OHIO
AKRON
*ALLIANCE
CINCINNATI
CLEVELAND (3 stores)

OHIO (continued)
COLUMBUS
DAYTON
LORAIN
MAPLE HEIGHTS
*SALEM
TOLEDO
YOUNGSTOWN

OKLAHOMA
OKLAHOMA CITY

PENNSYLVANIA
*BUTLER
*CHESTER
*FAIRLESS HILLS
GERMANTOWN
*HAZLETON
*NEW KENSINGTON
PHILADELPHIA
PITTSBURGH
READING
SCRANTON
*UPPER DARBY
WILKES-BARRE

RHODE ISLAND
PROVIDENCE

TENNESSEE
MEMPHIS (2 stores)

TEXAS
*ABILENE
*AUSTIN
*BROWNWOOD
*CORPUS CHRISTI
DALLAS (2 stores)
FORT WORTH
*GALVESTON
HOUSTON (2 stores)

VERMONT
*BARRE
*RUTLAND

VIRGINIA
FALLS CHURCH

WEST VIRGINIA
*CHARLESTON
*PARKERSBURG

WISCONSIN
MILWAUKEE
*SUPERIOR

Factories in Rochester, N. Y., New Brunswick, N. J. and Meridian, Miss.

*AGENCIES

These four suburban stores were added to the nation-wide Bond chain during fiscal 1957-58

SOUTHGATE SHOPPING CENTER, Maple Heights, Ohio. This is Bond's fourth apparel center for the entire family located in the Greater Cleveland area.

EASTLAND SHOPPING CENTER, West Covina, Calif. In this fast growing area, Bond's now operates 12 stores in and around Los Angeles.

HAYWARD, CALIF. — This store serves men and women, boys and girls in a shopping district near San Francisco and Oakland.

CRESTWOOD PLAZA SHOPPING CENTER, St. Louis, Mo. A typical Bond suburban store, the third unit serving families of St. Louis and vicinity.